GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1878
ANSWERED ON:13.03.2007
EXPORT OF DIAMONDS
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of the foreign exchange earned from the export of diamonds during the last three years;

(b) whether there is any stiff competition from China and other foreign countries in diamond cutting and polishing industry;

(c) if so, the details thereof; and

(d) the steps taken/proposed to be taken by the Government to safeguard the interest of diamond cutting and polishing industry in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) The details of foreign exchange earned from the export of diamonds during the last three years are as follows:-

(In USD Million)		
2004-05	2005-06	2006-07 (Upto August, 2006)
10361.87	11610.27	4143.27

(b) & (c) No, Sir.

(d) The Government has taken several steps to safeguard the interests of diamond cutting and polishing industry in India. The licencing regime for rough diamonds has been abolished and custom duty on import of rough diamond is 0%. The facility of advance remittances without insisting on bank guarantee for import of rough diamonds has been permitted subject to terms and conditions. Export of gems and jewellery, which also includes cut and polished diamonds, has been identified as a thrust sector in the Foreign Trade Policy (2004-09). In the Foreign Trade Policy as updated on 7th April, 2006, following facilities have been extended to the Sector:-

(i) Import of gold of 8 carat and above is allowed under the replenishment scheme subject to the import being accompanied by an Assay Certificate specifying the purity, weight and alloy content.

(ii) Duty Free import entitlement of consumables for metals other than Gold, Platinum to be 2% of FOB value of exports during the previous financial year.

(iii) Duty free import entitlement of commercial samples to be Rs.300,000.

(iv) Duty free re-import entitlement for rejected jewellery to be 2% of the FOB value of exports.

(v) Cutting and polishing of gems and jewellery, to be treated as manufacturing for the purposes of exemption under Section 10A of the Income Tax Act.

(vi) Import of precious metal scrap / used jewellery has been allowed for melting, refining and re-export of jewellery. However, such import will not be allowed through hand baggage.

(vii) Gem & Jewellery exporters have been allowed to export jewellery on consignment basis as per Rules.

(viii) Gem & Jewellery exporters have been allowed to export cut and polished precious and semi-precious stones for treatment and re-import as per Rules.
(ix) Value addition norms for different categories of gems and jewellery products have been reduced.

Besides, extensive efforts are made for promoting exports of Indian gems and jewellery including diamond jewellery.